

# The all-island economy: resilience to the fore

# Economic Eye

Spring 2026 forecast



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# OVERVIEW

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If 2025 was the year of US tariff hikes, then 2026 is the year of global energy volatility. Having navigated the former well, the all-island economy is now being challenged by the latter. Our spring forecast sees growth continuing in ROI and NI, while inflation is being revised up. But there is a lot of uncertainty about the outlook, and we are mindful of risks.



**Dr. Loretta O'Sullivan**

Chief Economist and  
Partner | EY Ireland

### Republic of Ireland (ROI)

	2026f	2027f
GDP	<b>1.8%</b>	<b>4.2%</b>
MDD	<b>2.7%</b>	<b>2.5%</b>
Jobs	<b>1.8%</b>	<b>1.6%</b>

### Northern Ireland (NI)

	2026f	2027f
GVA	<b>0.7%</b>	<b>1.3%</b>
Jobs	<b>0.6%</b>	<b>0.6%</b>

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In today's volatile environment, businesses are navigating conflict on three interlinked fronts, with military, economic and technological challenges directly shaping commercial and strategic decisions. For organisations, geopolitics is no longer an intangible risk, it's directly influencing strategy, supply chains, investment, talent and resilience in real time.

For leadership teams, the challenge is less about predicting what happens next and more about building the agility and capability to act when conditions change. For policymakers, building resilience across the economy will be central to helping Ireland navigate today's uncertainty and remain an attractive and trusted place to invest, innovate and do business.



**Carol Murphy**

Partner and EY Ireland  
Head of Markets

# GLOBAL PERSPECTIVE



**Dr. Loretta O'Sullivan**  
Chief Economist and Partner | EY Ireland

## Tariff and war games are no 'fun' for the economy

A much-loved form of entertainment, board games are also a good distraction in difficult times. Take the surge of interest in chess in recent years; who hasn't watched the Netflix mini-series *The Queen's Gambit*? That this age-old game is having a moment owes much to the COVID-19 lockdowns, while the Great Depression of the 1930s popularised modern classics like *Scrabble* and *Monopoly*.

Inspired by the latter, *Trump: The Game* appeared on tabletops in 1989, but it is Trump, the President that is garnering attention in the here and now. From tariff hikes to air strikes, US trade and foreign policy is affecting the global economy, and not in a 'fun' way.

A year on from 'Liberation Day' and the international trading environment remains unsettled. While America's highest court has ruled against the President's use of the International Emergency Economic Powers Act to impose sweeping import duties on countries the world over, a get out of tariffs free card it is not.

Levies on patented pharmaceutical products and ingredients entering the US have just been announced under the Section 232 national security framework, and new investigations into key partners' trading practices have been launched using Section 301 of the Trade Act of 1974.

Then there's the Trump administration's replacement global tariff. Already subject to legal challenge, this invokes Section 122 of the aforementioned act and brings fresh uncertainty. Should businesses take a chance that Congress won't extend it when its 150 days are up, or bank on it doing so? Will the rate stay at 10% or rise to 15%? Where does it leave the trade deals Washington has struck with Brussels and others?

Having postponed voting on the Turnberry Agreement in January when President Trump threatened to annex Greenland, and again in February after the US Supreme Court's ruling, the European Parliament advanced the legislation in March, adding safeguards. Approval by the Union's 27 governments comes next, with a final sign-off by MEPs slated for the summer.

The transatlantic deal means the new sectoral levy on pharma will be capped at 15% for the EU. And individual companies, many with an Irish presence, have come to some sort of arrangement with Washington; be it investment promises, drug pricing commitments or both in return for a grace period on tariffs. So, the immediate danger may be relatively contained. Medium-term risks from US trade, tax and industrial policy shifts remain however, especially for our economic model.

As for US foreign policy, the conflict in the Middle East dominates. The joint American-Israeli aerial bombing campaign has hit Iranian energy production, transport networks and civilian infrastructure, with retaliatory strikes in various countries across the region.

The disruption to Persian Gulf oil and gas supply has rattled global markets, putting upward pressure on prices and prompting emergency action by the International Energy Agency. The effective closure of the Strait of Hormuz is also restricting the transit of commodities such as fertiliser, sulphur and aluminium.

What will the ultimate outcome of the confrontation be? Will the ceasefire agreed by the two sides lead to lasting peace? There is an ambiguity about this which is not good for the economy. EY's latest projections show world growth easing to 2.8% in 2026, from 3.4% in 2025, while Euro area inflation runs ahead of target, averaging 2.8% before falling to 2.2% in 2027.

A protracted conflict that keeps oil above \$100 per barrel and gas prices elevated through year-end would result in a bigger drag on world GDP and raise recession risks; we put the odds of a global recession at around 35%. Euro area inflation, meanwhile, would peak at 4.6%. For comparison, it topped 10% during 2022 after Russia invaded Ukraine.

Needless to say, the European and other central banks are closely monitoring the evolving situation in the Middle East. And financial markets, in turn, are paying attention to policymakers' comments. But despite hawkish talk from some in Frankfurt, the Governing Council didn't move in March or April and may not do so at upcoming meetings either. If the energy price shock is limited in size and doesn't last long, the traditional strategy of looking through it applies.

Decisions become trickier in the face of stagnant economic activity and a persistent inflation overshoot. There's a trade-off for monetary authorities; cut interest rates to support growth or increase them to restore price stability. Lived experience points to hikes as more likely for the ECB.

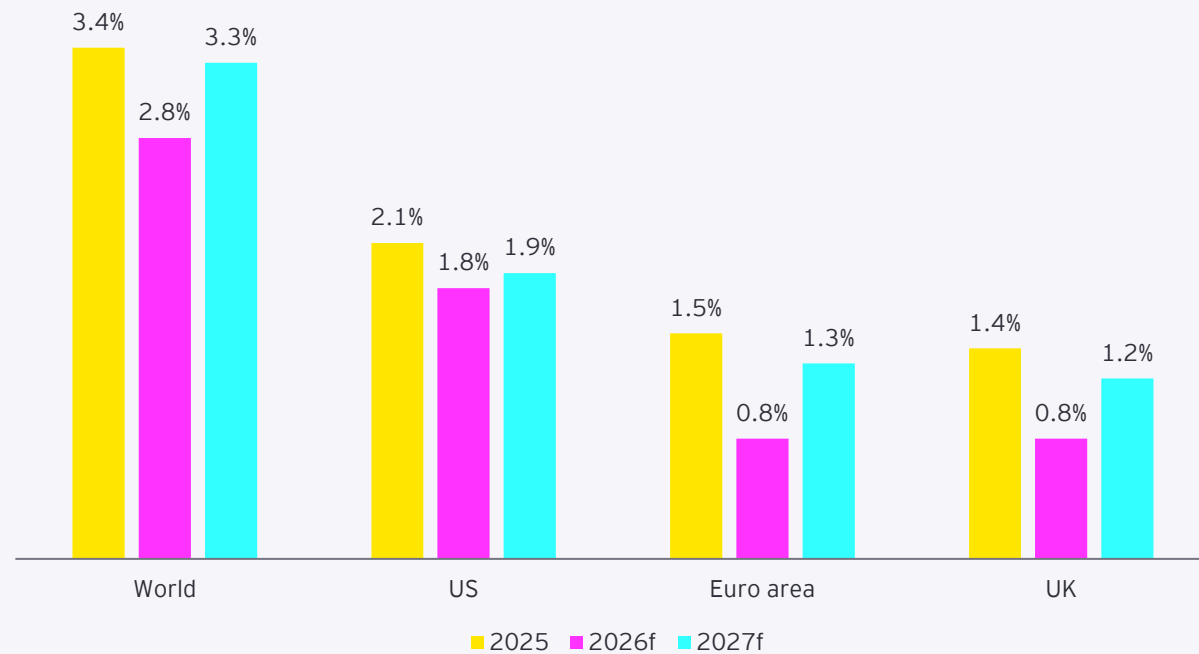
Higher energy prices will push inflation up here too, and growth is expected to moderate this year, following a strong performance in 2025. There is resilience in the Irish economy though; the labour market is healthy and aggregate household savings are high. Temporary Government supports will help cushion the impact of the shock as well - economists and bodies like the Organisation for Economic Cooperation and Development stress directing resources to the most vulnerable - but the energy endgame must be weaning ourselves off our dependence on fossil fuels.

Given all this, domestic policies to bolster Ireland's competitiveness and productivity, diversify markets and accelerate infrastructure take on renewed importance. While action plans are in place and are welcome, more than passing go will be required in the period ahead; we need to roll doubles.



# World growth coming under pressure, monetary policy being reassessed

## Global Growth Outlook



(Gross Domestic Product, annual change, constant prices)

Source: EY-Parthenon, EY EAT, EY UK

## Interest Rate Outlook

	2025	2026f	2027f
ECB	2.15%	2.4%	2.4%
BoE	3.75%	3.75%	3.25%
Fed	3.50%-3.75%	3.25%-3.50%	3.00%-3.25%

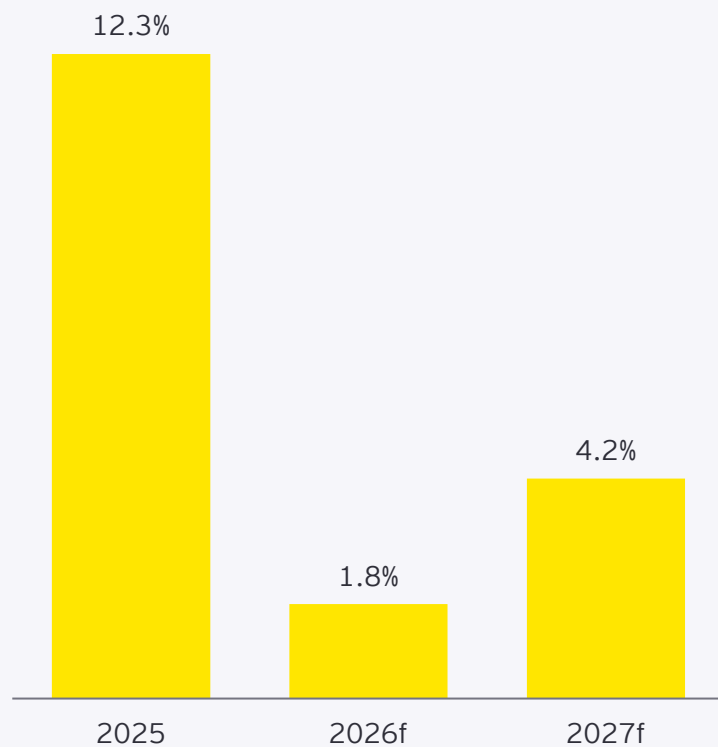
(End year, ECB Refi, BoE Bank Rate, Fed Funds)

Source: EY Economic Eye

# ALL-ISLAND OUTLOOK

# All-Island economic forecasts

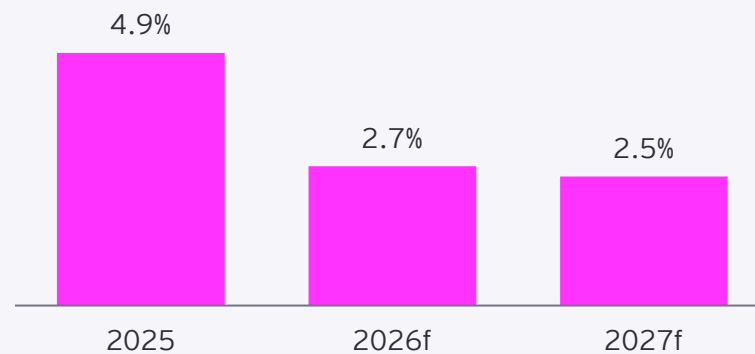
## Republic of Ireland, GDP



(Gross Domestic Product, annual change, constant prices)

Source: EY Economic Eye

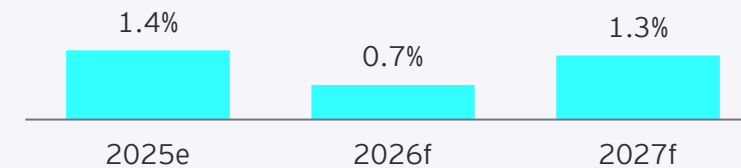
## Republic of Ireland, MDD



(Modified Domestic Demand, annual change, constant prices)

Source: EY Economic Eye

## Northern Ireland, GVA



(Gross Value Added, annual change, constant prices)

Source: EY Economic Eye

## Republic of Ireland (ROI)

Like the world economy, the ROI economy has shown mettle in the face of much change. National accounts and labour market data confirm its strength, with Modified Domestic Demand up 4.9% in 2025 and employment reaching new heights. While the flash estimate for the first quarter of 2026 shows a decline in GDP, this comes as no surprise.

US tariff frontrunning by the multinational-dominated industrial sector contributed to double-digit growth last year, but some unwinding of this dynamic was always expected. Not unanticipated either, though viewed more as a risk factor than a foregone conclusion at the time of our last report, is the recent escalation of global trade and geopolitical tensions.

As a small, open economy with significant transatlantic linkages, ROI is sensitive to renewed tariff volatility, and as a net energy importer, the precarious situation in the Persian Gulf is a worry. Higher energy prices globally are the main transmission channel from the conflict in the Middle East to households and firms here and are behind the upward revision to our inflation projection.

Higher inflation will dampen real incomes and temper consumer spending - likewise in key trading partners - while uncertainty complicates business planning. At the same time, the digital transition is progressing, large-scale public capital spending is underway, job creation is set to continue - albeit at a more sedate pace than in recent years - and the economy has safety buffers in the form of high aggregate household savings and a budget surplus. All of which means growth is still the baseline.

Our spring forecast sees GDP rising by 1.8% in 2026 and 4.2% in 2027 and Modified Domestic Demand increasing by 2.7% this year and 2.5% next year.

But there is a lot of uncertainty about the economic outlook, with much depending on the duration and severity of the energy shock. A prolonged Middle East crisis that keeps oil and gas prices elevated would weigh more on activity.

Given this backdrop, it will be important to deliver on the priorities and commitments set out in ROI's many action plans, strengthening the economy's resilience in the process.

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The second global energy price shock of the twenty-twenties is putting upward pressure on inflation in Ireland, and growth is expected to moderate this year, following a strong performance in 2025. While the economy has plenty of resilience, not least a healthy labour market, strengthening this in the period ahead will serve us well.



**Dr. Loretta O'Sullivan**  
Chief Economist and  
Partner | EY Ireland

## Consumers

2026f

2.0%

2027f

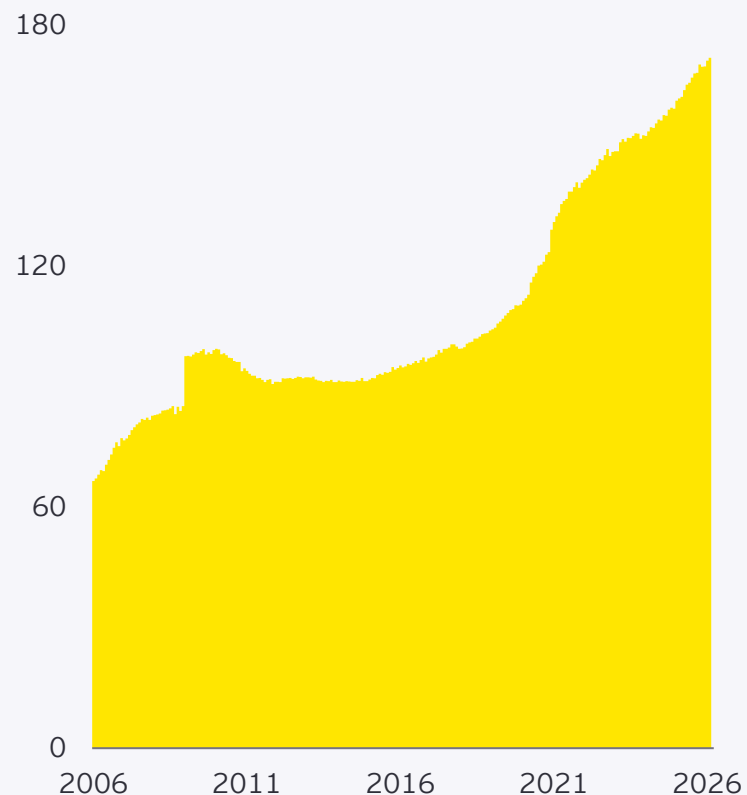
2.3%

Consumer spending rose in 2025 and available indicators such as retail sales and VAT receipts suggest a reasonable start to 2026. The outbreak of war in the Middle East looks to have unnerved ROI households, however, with the Credit Union's sentiment index turning sharply down in March.

While new Government supports and existing measures (Budget 2026 kept VAT on gas and electricity bills at the lower 9% rate) will help cushion the impact of the energy price shock, higher inflation will squeeze consumers' purchasing power. So, we have pared back our forecast for spending growth this year to 2.0% from 2.5% pre-conflict. This still decent print is underpinned by further job and wage gains and greater use of savings.

At over €170bn, the total value of household deposits is at a series high. This has prompted a discussion around schemes to generate better returns for savers while providing firms with more funding options. A similar conversation is taking place in Brussels and Ireland's upcoming EU Presidency is expected to progress efforts to develop the bloc's Savings and Investment Union.

## ROI Household deposits



(Stock, €bn)

Source: Central Bank of Ireland

## Government

A general government surplus was recorded in ROI last year, and the Department of Finance anticipates a similar outcome this year and next. Still, the uncertain international environment and underlying fiscal vulnerabilities leave no room for complacency or profligacy.

On the tax front, the income and VAT heads performed well in the first quarter of 2026, and the implementation of global policy changes is projected to bring in additional revenue from large companies. But the Washington administration's protectionist stance and the concentrated nature of corporation tax receipts - the biggest payers are US-owned multinationals in the tech and manufacturing space - pose risks for the public finances.

Spending-wise, the focus is on enhancing public service provision and improving critical infrastructure, not least green infrastructure. The Irish government has also introduced a €750m package to ease the burden of the global energy price shock on households and businesses. This includes temporary cuts to excise duty on petrol and diesel, an extension to the fuel allowance season, a deferral of the planned increase in the carbon tax and supports for the transport and agricultural sectors.

### Modified Investment

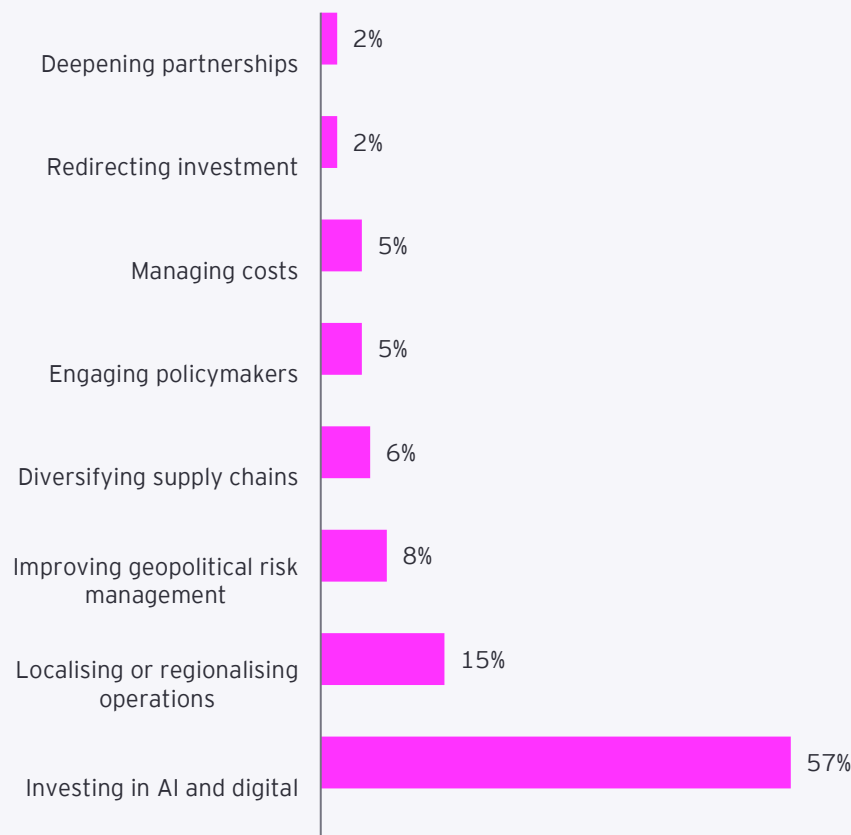


Modified investment (which excludes Intellectual Property Products and aircraft leasing) rose last year and is projected to do so again this year.

Sentiment among Irish CEOs was broadly positive heading into 2026, with executives mindful of, but also adapting to, global shifts. Subsequent developments in the Persian Gulf mean firms now face higher energy costs and, in some cases, logistics disruption. Related uncertainty and an ECB interest rate hike are further headwinds for business spending. Conversely, structural factors such as investment in AI and digital technologies should offer support; this is the number one action organisations are taking to mitigate external risks and position themselves for growth. Enhancements to the R&D tax credit in Budget 2026, including an increase in the rate from 30% to 35%, are also welcome.

The National Development Plan, meanwhile, provides for large-scale public capital spending. Non-residential construction is set to benefit from this, and we are pencilling in an uptick in new dwelling completions, from 36,284 units in 2025 to c.40,000 per annum in 2026-2027.

### Looking ahead to 2026, which action will be most important for your organisation to adapt to a shifting geopolitical and economic environment and position for growth?



(40 Irish CEOs surveyed in November-December 2025)

Source: EY-Parthenon CEO Outlook Survey

### Exports



Overseas sales of computer services were strong in 2025, while tariff frontrunning by the pharmaceutical industry provided a large boost to goods exports (related base effects are pulling down our 2026 forecast).

Tariff policy recalibration in the wake of the US Supreme Court's ruling has led to renewed trade uncertainty this year, which is unhelpful for exposed ROI sectors. But work is underway to get the transatlantic framework back on track, and many large drugmakers with manufacturing bases in ROI have reached agreement with the Washington administration. At the same time, the conflict in the Middle East is set to dampen activity in key export markets; the Euro area and UK economies are forecast to slow this year, as is the US albeit by less as it is a net-energy exporter and has been betting big on AI.

More positively, external demand for weight-loss medicines and ICT is expected to hold up. Significant investment in production facilities and data centres has been undertaken by multinational firms in recent years, and as this capacity comes on stream and global economic conditions improve in 2027, export growth should strengthen.

# Northern Ireland (NI)

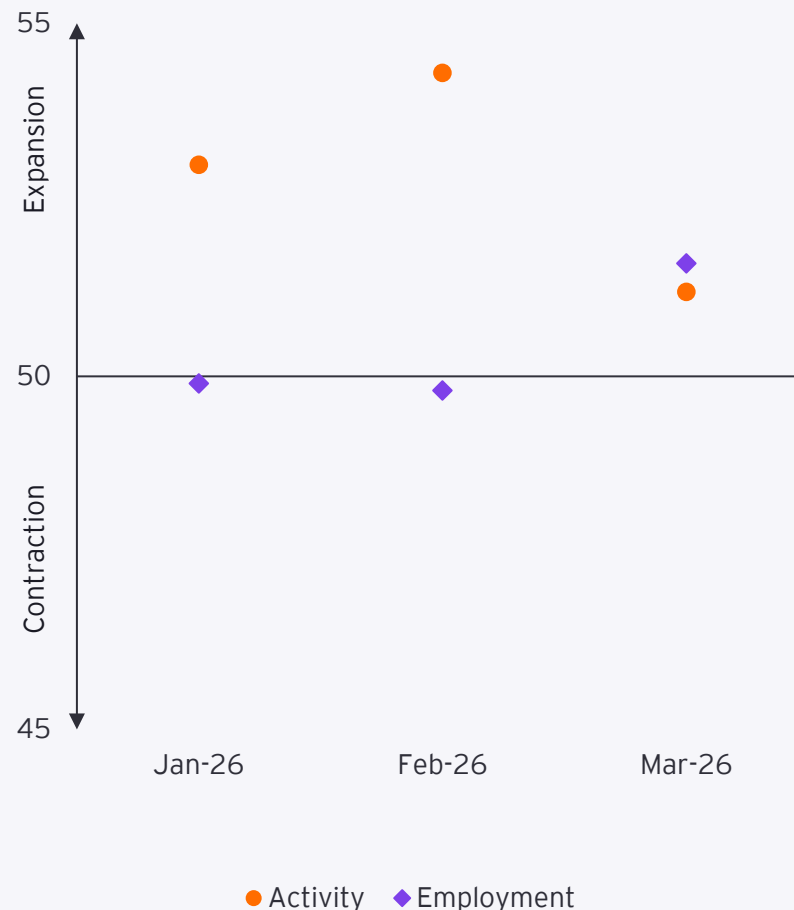
The NI economy advanced last year, and the Purchasing Managers' Index signals an expansion in private sector activity as 2026 got underway. But the survey data also point to upward pressure on costs; this intensified in March as fuel prices rose. The conflict in the Middle East brings fresh uncertainty for firms as well, some of whom are already dealing with a changed US tariff landscape.

Higher inflation, meanwhile, will squeeze households' purchasing power and has altered the near-term trajectory for monetary policy. Having previously expected the Bank of England to deliver two quarter-point rate cuts this year, we now think it will stay on hold. A resumption of policy easing is anticipated for next year, taking the Bank Rate to 3.25% and lending support to business investment and consumer spending.

As for the public finances, it is fair to say the situation is strained. While the Chancellor of the Exchequer allocated an additional £390m to the Stormont Executive in her Spring Statement, a loan of £400m is due to be repaid to the UK Treasury and at the time of writing, political agreement had not been reached on a multi-annual budget.

Bringing these strands together, our Economic Eye forecast is for growth of 0.7% in 2026 (a downward revision of half a percentage point from our last report) and 1.3% in 2027.

**NI Composite Purchasing Managers' Index**



Source: S&P Global

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In the current environment, geopolitics is having a direct impact on costs, confidence and investment decisions. Understanding how global tensions, trade arrangements and policy choices affect local businesses is becoming more important for business leaders in Northern Ireland as they plan for the future.



**Rob Heron**  
Managing Partner  
EY Northern Ireland

# INFLATION PROSPECTS

# Energy-driven inflation

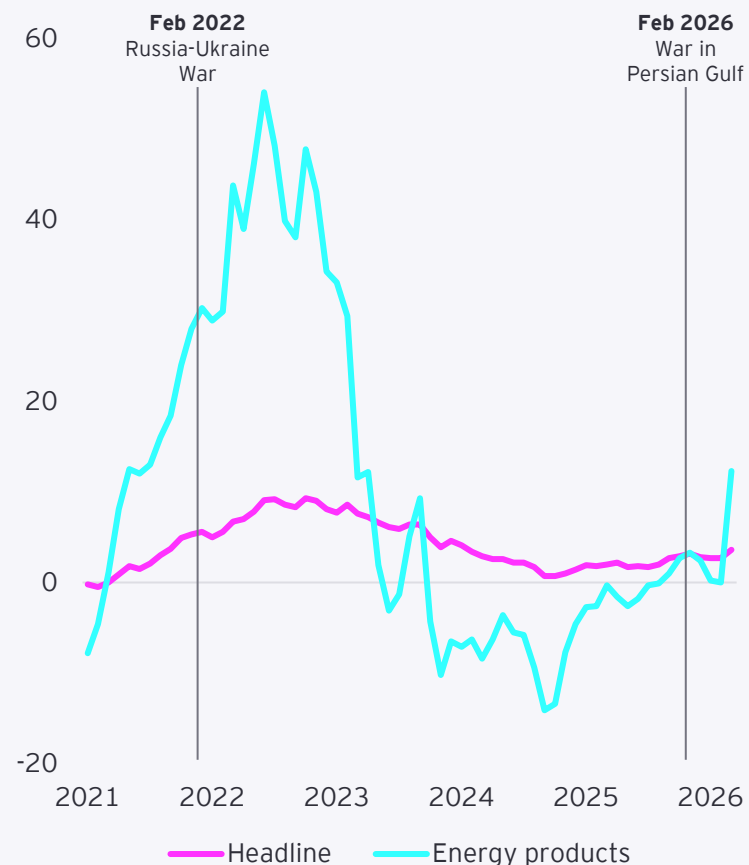
The inflation outlook for ROI has deteriorated with the outbreak of war in the Persian Gulf. Our spring forecast sees the headline rate rising from 2.2% last year to 3.1% this year as the second global energy shock of the decade puts upward pressure on prices.

The cost of petrol, diesel and home heating oil jumped in March 2026, and as the near-complete halt of traffic through the Strait of Hormuz is also affecting supply chains and commodities like fertiliser, households are likely facing increases in their grocery as well as their electricity and gas bills in the months ahead. To what extent will depend on firms' hedging strategies and ability to pass higher input costs through to consumers, and crucially on the future path of energy prices. For now, we assume the price of Brent crude oil moderates in Q3 and Q4, but along with gas prices, is above its pre-conflict level at the end of the year.

There is considerable uncertainty, however, and upside risks prevail. More adverse energy scenarios are possible, as are second-round effects; the ECB will be tracking inflation expectations and wage developments in the wider Euro area over the coming period for any such signs.

Inflation in the UK has also risen on the back of higher fuel prices, and with regulated household energy bills expected to increase in July, Bank of England interest rate cuts are no longer anticipated this year.

**ROI Consumer Price Index**



(March 2026 prices were collected before the Irish government cut excise duties on motor fuels)

(Annual % change)

Source: CSO

**Inflation Outlook**

	2025	2026f	2027f
ROI	2.2%	3.1%	2.4%
UK	3.4%	3.4%	2.0%

(CPI, annual change)

Source: EY Economic Eye, EY UK

# LABOUR MATTERS

# Softer jobs growth

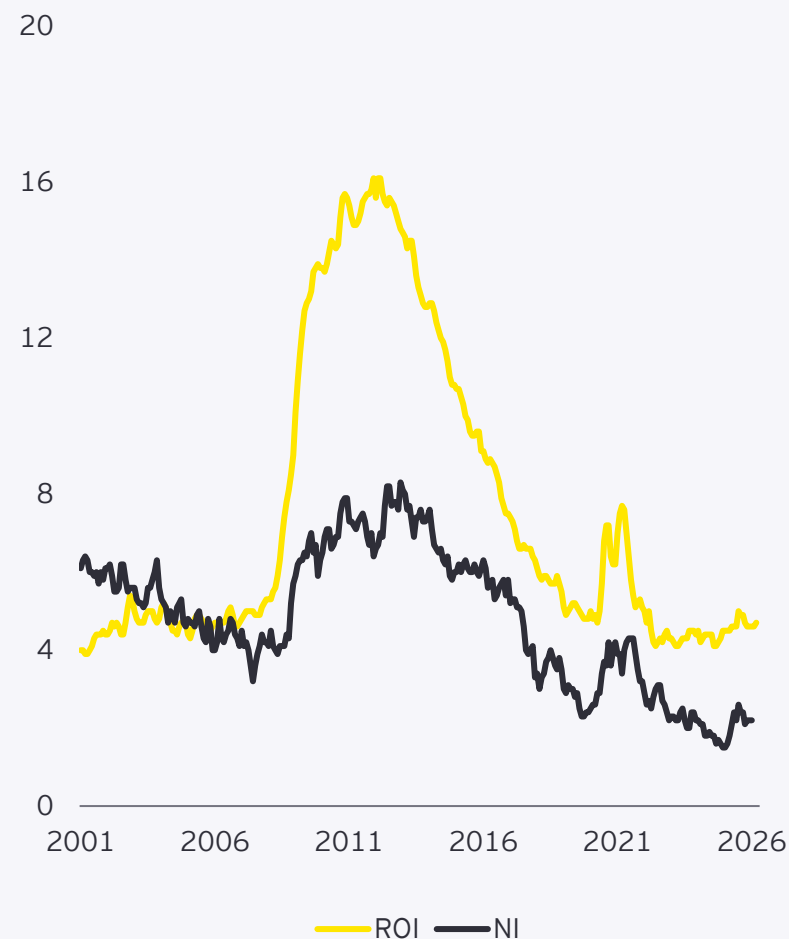
The ROI labour market remains healthy, with a record 2.83 million people in employment in the fourth quarter of 2025 and income tax receipts indicating that hiring continued in the first quarter of 2026. 60,000 jobs were created over the course of last year and another 51,000 and 46,000 are projected for this year and next. We do expect unemployment to move up over the forecast horizon, albeit the 5% rate projected for 2027 is low by historical standards.

That said, developments in the Middle East pose near-term risks to economic activity and by extension employment prospects, while artificial intelligence has the potential to significantly reshape the labour market over time.

Technological innovation typically impacts labour via (i) job creation, where new roles and opportunities emerge, (ii) job displacement where functions become obsolete due to automation, and (iii) job transformation where the nature of tasks is augmented. While it is still early days, EY's CEO Outlook provides some interesting insights in this respect; two in five Irish executives expect their investment in AI to lead to headcount reductions, whereas three in five expect to maintain or increase hiring as they look for new types of talent.

Workforce jobs in NI also ended 2025 on a high note, and the PMI survey shows private sector staffing levels in positive territory in March 2026 after a soft patch. Our spring forecast is for modest employment growth this year and in 2027, in the order of 0.6% per annum.

## Unemployment Rate



(ILO measure, %)

Source: CSO, ONS

## Employment Growth Outlook

	2025	2026f	2027f
ROI	2.2%	1.8%	1.6%
NI	1.2%	0.6%	0.6%

(Annual change, ROI Labour Force Survey, NI workforce jobs)

Source: EY Economic Eye

A night cityscape with digital grid overlays and reflections in water. The scene is dominated by a grid of glowing blue and purple lines that form a 3D structure over the city. The city lights are reflected in the water below. The sky is dark with some clouds.

# RESILIENT NATION

Geopolitics are now part of everyday business conditions with many organisations effectively facing a war on three fronts:

1. Military conflict affects routes, confidence and security.
2. Economic pressure flows through energy costs, inflation and trade.
3. Technology exposure covers the pace of change alongside cyber, data, and critical infrastructure risk.

These pressures arrive together and show up quickly in operating decisions, cash flow and investment plans. For Ireland's open economy, global disruption is becoming local at incredible speed.

Leaders need awareness, discipline and calm judgement as pressure endures. The near term calls for clarity and protection, the medium-term rewards resilience, and the long term belongs to organisations that reinvest with intent.

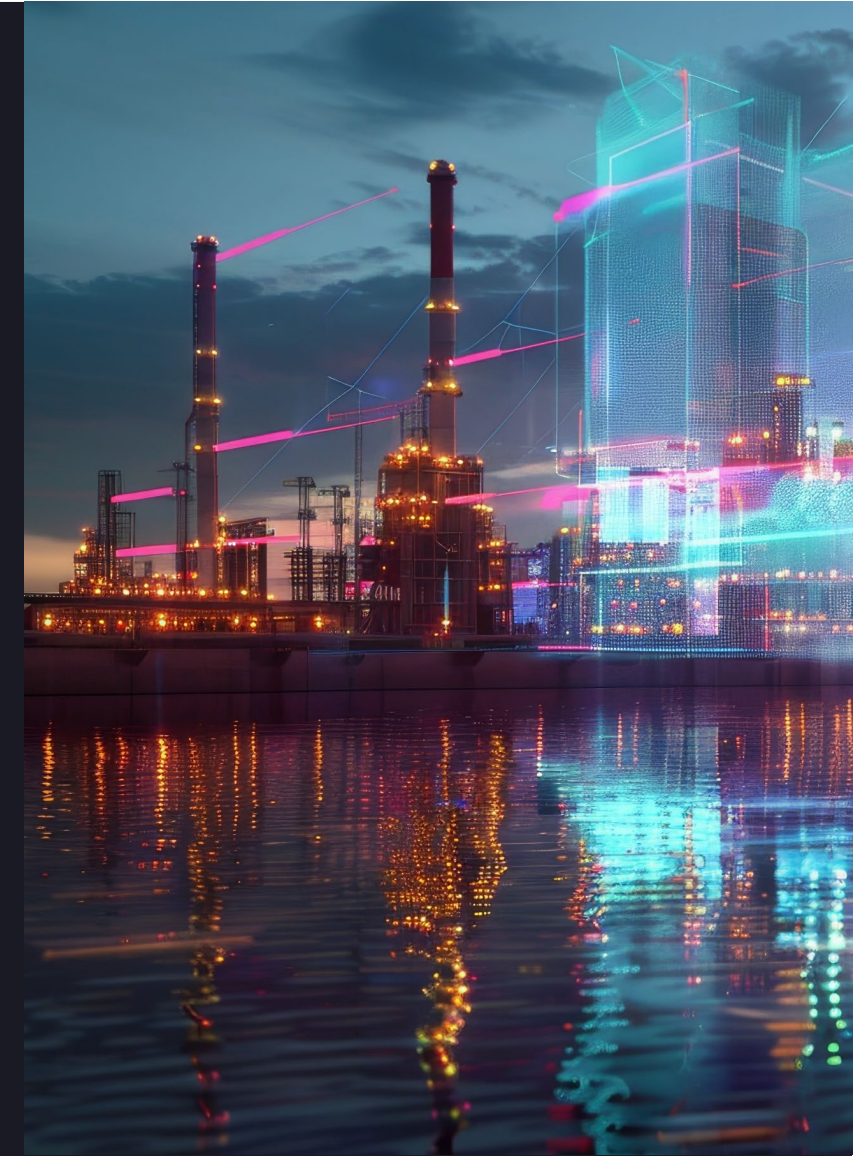
This edition of Economic Eye looks at how that three front environment is playing out through cyber risk, infrastructure strain and energy volatility.

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Boards and management teams are spending more time on issues that once sat on the edge of agendas. Macro shifts in economic trends, energy costs, supply routes, data security and access to key technologies are now central to how businesses plan and invest. These pressures accumulate and compound. Leaders who acknowledge these realities, and build the organisational capability to manage them, are better placed to hold the line as conditions evolve.



**Simon MacAllister**  
Co-Head of Geopolitical Strategy



## Digital resilience: Stress-tested

Ireland's digital economy is increasingly defined by its ability to withstand disruption, and national resilience is a core element of economic infrastructure. Resilience now plays a direct role in how attractive Ireland is as a place to do business. Companies and investors are drawn to countries where digital systems keep working during disruption and services stay reliable when pressure hits.

Recent global events highlight just how exposed digital infrastructure has become. Major cyberattacks have knocked critical systems offline, and a data centre bombing in the Middle East has shown how physical risks now reach into cloud operations. Data centres and cloud platforms sit inside the broader national infrastructure, carrying real strategic weight. Global cloud providers support essential services across industries and government, and the resilience of these private platforms now contributes directly to overall national resilience.

A single event can disrupt operations across sectors, exposing how interconnected and, at times, fragile modern systems have become.

Cyber activity is one of the clearest ways to show how far this transition has already gone. Attacks now run through vendors, platforms, and supply chains, using the openings that sit between them. Attacker capabilities are growing through AI driven phishing, large scale ransomware operations, and faster automation. This pushes companies toward systems that keep running under pressure, with continuity built into the architecture.

Code sits inside every part of the economy, and uninterrupted operation has become a core design job for any organisation that depends on it.

This signals steady progress for Ireland toward the standard of a Resilient Nation. We are engineering resilience into infrastructure, institutions, and day-to-day decision making, creating systems that prioritise continuity and operate reliably under pressure. Irish organisations, services, and public bodies are future proofing and gaining strength as these design choices accumulate and reinforce one another.

Ireland is supported by a cyber security sector of more than 140 firms, a growing research and talent ecosystem, and sustained public investment. Revenues of €2.7bn reflect continued demand for capabilities that both protect and enable the digital economy.

Regulation is accelerating at a European level. NIS2, the Critical Entities Resilience Directive, and the Cyber Resilience Act are both raising the bar for compliance and driving structural change in how organisations approach risk, accountability, and system design. Resilience is now at board-level and part of national decision making.

Capital increasingly follows resilience, as investors and multinational organisations favour jurisdictions that can demonstrate continuity under pressure, clarity of regulation, and strength of digital infrastructure. Resilience is both a defensive capability and a sign of economic reliability in attracting foreign direct investment.

However, compliance is the starting point. The opportunity for Ireland lies in moving beyond alignment to define resilience as a competitive advantage. This requires embedding resilience into architecture, operations, and leadership decisions so systems can absorb disruption and continue to operate as normal.

Resilience at scale is cumulative, with each investment strengthening the system as a whole. What begins as a defensive posture becomes a source of national strength. Resilience, beyond the outcome of good practice, is now a requirement for economic stability, competitiveness, and geopolitical relevance. Nations that engineer resilience into their infrastructure will be better positioned to attract capital, sustain growth, and maintain trust.

For Ireland, the direction is clear. Capability exists, the momentum is building, and we need to continue engineering resilience at scale across the systems our economy depends on every day.



**Puneet Kukreja**  
Partner | EY Ireland

## Energy resilience: Current status

Today, Ireland's energy system reflects global pressures, with conflict in the Middle East feeding directly into energy markets. Recent fuel protests and the Government response highlight how exposed households and businesses remain. Security of supply is a core economic concern shaping costs and operating plans.

Recent events show how reliant the global economy remains on fossil fuels, with sustained regional volatility now a baseline assumption for planning.

Ireland's system was already strained. CSO survey data shows how businesses use energy across fuel types, with January results pointing to rising exposure to unpredictable costs.

EirGrid's latest All Island Resource Adequacy Statement points to continued growth in electricity use through 2030 and beyond. Population growth, housing delivery, electric heating and transport, and data driven industries are pushing demand higher year on year.

These dynamics reflect wider global patterns. Energy systems worldwide are being influenced by geopolitics, technology and capital flows.

China illustrates the pace of change. In 2024 it added 429GW of new renewable capacity, well over a third of the entire US grid. Large-scale renewables reduce exposure to geopolitical risk while benefiting from falling costs. This trajectory sits clearly within Ireland's long term energy direction.

Competitiveness in 2026 rests on secure and affordable energy. That calls for aligned investment in grid capacity, storage, market structures and planning reform, alongside smarter use of existing energy across industry, homes and transport. Better utilisation delivers value now, while new infrastructure is built.

Meeting climate and energy ambitions calls for coordinated action with alignment between utilities and system operators, regulators, manufacturers, large energy users and government bodies, with shared delivery as the organising principle. Planning reform, industrial demand management and greater flexibility from data centres offer practical levers for cross sector coordination. The Accelerating Infrastructure Taskforce platform is bringing these strands together and maintaining delivery focus.

This coordinated approach strengthens system stability, protects value for taxpayers and helps manage the geopolitical risks impacting energy markets. Ireland needs faster infrastructure delivery, sustained policy focus and long-term planning that holds through cycles.

At this point, consistent delivery carries the most weight. The priorities are clear and progress is visible across the sector, with core foundations now in place. The focus is on maintaining momentum, backing the Climate Action Plan and deepening collaboration so Ireland's energy system remains resilient, affordable and ready for what comes next.



**Sean Casey**  
Partner | EY Ireland



**Marc Byrne**  
Partner | EY Ireland

## Infrastructure resilience: Concrete

As of May 2026, Ireland's investment in housing, transport, water and energy continues at pace.

The economic backdrop supports infrastructure delivery. Domestic growth is holding up, labour market conditions are healthy, and public spending continues, even as global pressures affect energy markets, supply chains and construction costs.

The international context is increasingly present in infrastructure planning. Ongoing global conflict is contributing to instability in energy prices and freight routes, influencing material availability, procurement timelines and risk modelling for capital projects. Geopolitics are now a core business condition, influencing costs, capital and growth at the same time. While Ireland is insulated from direct disruption, its open economy magnifies global shocks, turning distant events into local delivery pressures across housing, transport, water and energy. Today's risks arrive faster, spread further and interact across markets and operations.

Against this backdrop, the Government's revised National Development Plan (NDP) is providing €102.4bn for projects through to 2030, covering housing, transport, and significant investment in water and energy networks. A further €10bn in equity funding is committed to progress major programmes. In a more fragmented global environment, long-term funding certainty supports coordination and delivery at scale.

Housing demand remains acute. Delivery agencies now have strengthened support, with Uisce Éireann planning water connections for up to 300,000 additional homes by 2030. This alignment between land use, utilities and capital funding shows a more disciplined approach to sequencing investment.

Transport investment remains consistent. Budget 2025, now translating into 2026 delivery, is supporting road upgrades, active travel, regional transport and design work for major rail schemes.

Energy and grid capacity are central this year, with significant NDP funding committed to electricity services and grid upgrades. These investments support renewable generation, population growth and security of supply, with geopolitical pressures reinforcing the importance of domestic resilience and system reliability. Energy market volatility is already influencing operating decisions and long-term cost planning.

Despite this, early 2026 shows movement. Homes are being delivered, grid projects are funded, transport upgrades are advancing and water networks are receiving long-needed investment. Resilience comes from understanding exposure early and acting with discipline. Infrastructure commitments are now converting into outcomes.



**Shane MacSweeney**  
EY Ireland Head of Strategy  
and Transactions; EY Global  
and EMEIA Infrastructure  
Leader



# FORECASTS

# Republic of Ireland

	2025	2026f	2027f
Consumption	2.9%	2.0%	2.3%
Government Spending	4.1%	3.0%	2.5%
Investment	42.6%	1.7%	1.5%
Modified Investment	10.9%	4.2%	3.0%
Exports	9.7%	2.5%	5.0%
Imports	9.5%	2.8%	4.0%
GDP	12.3%	1.8%	4.2%
Modified Domestic Demand	4.9%	2.7%	2.5%
Jobs	2.2%	1.8%	1.6%

*(Annual change, GDP, MDD and components in constant prices)*

*Modified investment excludes R&D-related property imports and aircraft leasing*

*Source: EY Economic Eye, CSO*



# Northern Ireland

	2025e	2026f	2027f
GVA	1.4%	0.7%	1.3%
Jobs	1.2%	0.6%	0.6%

(Annual change, GVA in constant prices)

Source: EY Economic Eye



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